FISCAL NOTE

HB 53

January 17, 2017

SUMMARY OF BILL: Requires 25 percent of any surplus state tax revenue, if surplus state revenue exceeds $5,000,000 in any month as determined by the Commissioner of the Department of Finance and Administration (F&A), to be deposited into the Priority Transportation Project Fund (PTPF) at the close of a fiscal year, beginning in FY16-17 and subsequent years.

Requires such funds to be used for essential transportation projects or other backlog transportation projects or to match federal aid funding for such projects. Requires a percentage of surplus state tax revenue to be transferred from the PTPF to the general fund for reallocation if the estimate of surplus state tax revenue differs from the budgeted estimated state tax revenue.

Requires the Commissioner of the Department of Transportation (TDOT) to prepare a priority project list to recommend the top 100 projects to be funded prior to March 1, 2017, for FY17-18, and prior to March 1 of each subsequent year for the following fiscal year. Authorizes the General Assembly to appropriate an amount from the PTPF to implement all or part of the projects recommended. The proposed bill will expire on July 1, 2021.

ESTIMATED FISCAL IMPACT:

> **Other Fiscal Impact – An increase in revenue to the Priority Transportation Project Fund, when surplus state tax revenue exceeds $5,000,000 in any month, and a corresponding decrease in revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements. Due to multiple unknown factors, the extent and timing of any such impacts cannot be quantified with reasonable certainty. However, any such impacts would be incurred FY16-17 through FY20-21.**

Assumptions:

- The proposed bill would reallocate certain revenues to PTPF beginning in FY16-17.
- In any month that revenue derived from all state taxes during a month exceeds estimates by $5,000,000 or more, 25 percent of the surplus would be directed to the PTPF. At the end of such fiscal year, funds designated will be transferred to the PTPF after adjusting for any months with under-collections relative to the budgeted numbers.

HB 53

- According to the Department of Revenue (DOR), if this bill had been enacted, the amount of money that would have been designated for the PTPF over the past three fiscal years would have been: zero in FY13-14; $143,228,800 in FY14-15; and $231,259,900 in FY15-16.
- As of December 31, 2016, approximately $88,900,000 would be designated to the PTPF in FY16-17. The total amount to be transferred at the end of FY16-17 could be more or less of this amount based on state tax collections for the remaining six months of the fiscal year.
- This bill will result in an increase in state revenue to the PTPF, whenever surplus state tax revenue exceeds $5,000,000 in any month, and a corresponding decrease in state revenue to other state funds, including but not limited to the state General Fund, based on established statutory allocation requirements. Given the expiration date for the section implemented as a result of the bill, such impacts would be incurred prior to the end of FY20-21.
- Due to multiple unknown factors, such as the number of months in which the state will realize such surplus in any given year, the extent and source of any such surplus, and the current allocation of any such surplus, the increase in revenue to the PTPF and the decrease in revenue to other state funds cannot be quantified with reasonable certainty. Any months in which over-collections meet the requirements of the bill, a minimum of $1,250,000 will be designated to the PTPF.
- Any increase in state expenditures for the Commissioner of TDOT to prepare the priority project list or for the State Treasurer to administer the proposed allocation provisions is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

Krista M. Lee

Krista M. Lee, Executive Director

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